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Caribbean Environment for U.S. Farm Exports

Report Categories:

Agricultural Situation

Agriculture in the Economy

Biotechnology

Country/Regional FTA's

Exporter Guide

Food Security

Market Development Reports

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Report Highlights:

Despite the Caribbean region's slow recovery from the global economic recession, U.S. farm exports to the region increased by 2.9 percent in 2010. The Caribbean has always been extremely receptive towards U.S. farm exports, but it remains to be seen how several regional initiatives, related to a common agricultural trade policy, food security, food safety norms, and biotechnology, will affect the regulatory environment for U.S. products. Third-country competition will undoubtedly play a significant role in the Caribbean market in coming years and bears monitoring. In addition, it will be important for U.S. exporters to stay in tune with regulatory developments in order to avoid potential issues.

General Information:

General Political Situation and Trends:

The Caribbean is one of the most fragmented and diverse regions in the world. This vast geographic area is covered by two regional FAS offices, the Office of Agricultural Affairs (OAA) in Santo Domingo and the Caribbean Basin Agricultural Trade Office (CBATO) in Miami. The OAA in Santo Domingo covers the Dominican Republic, Jamaica and Haiti. The CBATO covers practically all other island markets. Specifically, CBATO islands of coverage include: Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, Bermuda, British Virgin Islands, Caribbean Netherlands or BES Islands (Bonaire, Sint Eustatius and Saba), Cayman Islands, Curaçao, Dominica, Grenada, Guadeloupe, Martinique, Montserrat, Saint Barthélemy, Saint Kitts and Nevis, Saint Lucia, Saint Martin, Saint Vincent and the Grenadines, Sint Maarten, Trinidad and Tobago, and Turks and Caicos Islands.

Politically speaking, our region of coverage is a mix of independent states, overseas departments or dependencies of European countries, and islands that are part of a European kingdom. Practically all of the islands have some sort of democratic parliamentary system or internal self-government.

Within our region there are several political and economic alliances. The most notable ones are:

1. The Caribbean Community (CARICOM) is made up of 15 Member States and five associate members. It comprises most CBATO islands of coverage as well as Belize, Guyana, Haiti, Jamaica and Suriname. CARICOM's Single Market and Economy (CSME) provides for free intra-regional movement of goods and a 40 percent common external tariff (CET) for extra-regional goods, among other things. Implementation of the CSME is not yet complete.
2. The Organization of Eastern Caribbean States (OECS) is made up of six small, mostly developing nations and three British territories in the region. In January 2011, the OECS' Economic Union entered into force, creating a single financial and economic space among the six OECS countries. All OECS countries, with the exception of the British Virgin Islands, use a single currency, the Eastern Caribbean Dollar, the existence of which predates the creation of the Economic Union. The exchange rate with the U.S. Dollar is fixed.
3. The Caribbean Forum of African, Caribbean, and Pacific States (CARIFORUM) is made up of 16 Caribbean countries, all former colonies of European countries.

Dominica, Antigua and Barbuda, and Saint Vincent and the Grenadines are members of the Venezuela-led Bolivarian Alternative for the Americas (ALBA). These three countries, together with The Bahamas, Grenada, Saint Kitts and Nevis, and Saint Lucia are part of PetroCaribe, a Caribbean alliance with Venezuela that allows signatory countries to purchase oil from the South American country at preferential terms. (See Appendix IV for a listing of CBATO island representation in selected international organizations.)

On October 10, 2010, the five-island Dutch territory known as the Netherlands Antilles ceased to exist. The two main islands, Curaçao and Sint Maarten, became autonomous countries within the Kingdom of the Netherlands. The remaining three islands, Bonaire, St. Eustatius and Saba, (collectively known as the BES islands) are now extraordinary overseas municipalities of the Netherlands. For Curaçao and Sint Maarten, their new status within the kingdom means greater autonomy in terms of law making and government administration. On the other hand, the BES islands will have closer ties to the Netherlands and will gradually adopt Dutch law. In 2007, the French islands of Saint Martin and Saint Barthélemy

went through a similar process, seceding from the French overseas department of Guadeloupe to become autonomous French regions.

Macroeconomic Situation and Trends:

The small economies of our region were hit hard by the global economic recession. According to International Monetary Fund (IMF) estimates, real GDP growth for the broad Caribbean region (CBATO islands plus Belize, Dominican Republic, Guyana, Haiti and Jamaica) declined by more than 3 percent in 2009. The region began a very modest recovery in 2010, growing by an average of about 1 percent. According to the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), GDP growth in the English and Dutch-speaking Caribbean (which make up the vast majority of CBATO islands of coverage) was estimated at 0.5 percent in 2010.

A major factor behind the region's slow pace of economic recovery is the fact that the tourism sector, the main economic engine driving employment and income generation, has yet to regain pre-recession levels. The CBATO islands are visited by six to seven million stop-over tourists annually, of which over 50 percent come from the United States. With employment in advanced economies remaining weak, tourist inflows to the Caribbean are improving only slowly (up 5 percent for the first eight months of 2010 over the same period in 2009). Visitors from the United States and Canada were up in 2010 but European arrivals continued to slump. The recovery has also been uneven, with the larger islands having weathered the downturn better than the smaller islands.

During 2010, most countries experienced increased trade deficits due in good part to the rising cost of their imports. With the exception of Trinidad and Tobago, which possesses oil and natural gas reserves, the vast majority of the islands in our region are net importers. Thus, price fluctuations of goods, including of foods and energy, can have an impact on the balance of trade. Tourism and related services generate foreign exchange earnings that, to varying degrees, counterbalance the islands' deficits in trade in goods.

The debt burden that many Caribbean islands face also has an impact upon economic recovery. Four countries within our region (Saint Kitts and Nevis, Grenada, Antigua and Barbuda, and Barbados) have debt-to-GDP ratios in excess of 100 percent, while several others have ratios between 50 and 100 percent, placing these countries among the most indebted in the world.

For 2011 ECLAC estimates GDP growth for the region at 2.2 percent. Prospects for 2011 and beyond will remain largely dependent on the performance of the tourism sector. While the economies of the region should regain some traction as tourism slowly turns the corner, the sector remains highly exposed to advanced economy employment prospects. Indebtedness is expected to continue to affect prospects for more vibrant growth rates for the near to medium term.

Agriculture in the Economy:

Agriculture is a challenging undertaking in most islands of the CBATO region. First, the total land area of the CBATO islands is 23,783 sq. km. (9,183 sq. miles), roughly the size of New Hampshire. Only about seven percent of this land is arable and an even smaller percentage is actually utilized for farming. Other challenges include: scant water resources in some islands; no economies of scale; labor shortfalls due to poor returns or wages compared to the services sector; and hurricanes ripping through the region each year.

Due to these many constraints, agriculture's contribution to GDP ranges from 1 percent or less in Aruba, The Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Curaçao, Montserrat, Saint Martin, Sint Maarten, and Trinidad and Tobago to approximately 18 percent in Dominica. In most islands, agriculture's contribution to GDP is between one and five percent. Commercial farming is concentrated in bananas and sugarcane. However, deterioration of preferential market access to the EU has negatively impacted production of these crops in islands such as Dominica, Grenada, St. Lucia, St. Kitts & Nevis, and St. Vincent and the Grenadines. Most if not all islands in our region have few export earning alternatives, so the effect has been hard felt. In St. Kitts & Nevis the sugar industry shut down in recent years, unable to overcome its production challenges and compete in the global marketplace. Many of the islands produce tropical fruits, vegetables, root crops, coconuts, and spices. A few islands also produce dairy, poultry, pigs, goats, and sheep. See Appendix II for agricultural statistics by island.

Food Security Policy:

Food security is an important concern for the islands in our region. Hurricanes are the number one threat to the region's food security due to their ability to interrupt the supply chain for imported and domestic food, and their impact upon local food production. In recent years, high food prices and other (non-hurricane) disruptions to the supply chain have also served to heighten concern about food security in the region. Many island governments are making efforts to promote greater local food production.

From a regional standpoint, there are two major food security initiatives underway. The first is a regional Food and Nutrition Security Policy developed by the CARICOM Secretariat in collaboration with the Food and Agriculture Organization (FAO) of the United Nations (UN) and with assistance from the Italian Government and the European Union (EU). The policy has been approved by the Ministers of CARICOM countries and is expected to be presented to the CARICOM heads of government for final approval in 2011. The second is a review of the Caribbean Community Agricultural Policy (CCAP). The goal of this review is to update the policy, which is a subset of the "Revised Treaty of Chaguaramas Establishing the Caribbean Community Including the CARICOM Single Market and Economy," to sustain a broad-based and balanced development of the region's agricultural sector.

Biosafety and Cartagena Protocol Implementation:

Twelve CARICOM Member States are parties to the Cartagena Protocol on Biosafety (CPB). The United Nations Environment Programme, Global Environment Facility (UNEP/GEF) has provided assistance for these countries to lay the groundwork for implementation of the CPB, but to date none of the countries has implemented its obligations. A new UNEP/GEF project for implementing National Biosafety Frameworks in the region is expected to get underway in 2011. The project, which will have the University of the West Indies as its executing organization, has a lifespan of 4 years and a \$12.87 million budget.

Agricultural Trade in 2010:

The United States posted a \$3.5 billion surplus in trade in goods with the CBATO islands in 2010. In terms of agricultural products, the United States had a \$1.13 billion positive trade balance with the CBATO islands in 2010. The United States imported \$133 million in agricultural, fish and forestry products from the region, with seafood from The Bahamas and Trinidad and Tobago accounting for the lion's share of these imports. By contrast, the United States exported \$1.26 billion in agricultural, fish,

and forestry products to the region (see Appendix III), up 2.9 percent from 2009. Consumer-oriented products alone, which account for over 60 percent of these exports, actually increased by 5.9 percent in 2010 and set a new high of \$783 million in the process. The top five exports markets within our region are Trinidad & Tobago, The Bahamas, the former Netherlands Antilles, Bermuda, and Barbados. Top export products are poultry meat, red meats (fresh, chilled & frozen), snack foods, dairy products, and wheat. Overall U.S. market share is estimated at 55 percent, ranging from single digits in the French Antilles to as much as 95 percent in The Bahamas.

As the data demonstrate, the CBATO's region of coverage is quite open and receptive to agricultural imports from the United States. Practically all our islands of coverage are WTO and Codex members, or are represented in these organizations by way of being overseas territories of the U.K., France, and the Kingdom of the Netherlands. The Bahamas is an exception as it is not yet a member of the WTO but is currently working through the accession process. A WTO Working Party has been established to consider its request to accede to the body. (See Appendix IV for a listing of CBATO Island Representation in Selected International Organizations.)

The United States does not have any bilateral trade agreements with the countries in the CBATO region. However, a Trade and Investment Agreement (TIFA) between the United States and CARICOM is currently under negotiation. Under the Caribbean Basin Initiative, the United States grants the region non-reciprocal, duty-free access to the U.S. market for the vast majority of products.

As mentioned earlier, the CSME provides for free intra-regional movement of goods from CARICOM Member States. CARICOM is a signatory to trade agreements with Colombia, Cuba, Costa Rica, the Dominican Republic, and Venezuela, and is negotiating a free trade agreement with Canada with completion of the deal projected for sometime in 2011. CARICOM is also strengthening trade relations with other countries, particularly with Brazil. Other countries viewed as potentially significant trading partners include: China, India, Argentina, and Chile.

In 2008 the CARIFORUM countries (with the exception of Haiti and Cuba) signed an Economic Partnership Agreement (EPA) with the European Union (EU), which will gradually reduce Caribbean tariffs to zero for a large share of agricultural goods from the EU over the next 25 years. Haiti later signed the EPA in December 2009.

SPS Issues and Regulatory Systems:

Practically all our islands of coverage are quite receptive to imports of U.S. agricultural products. Sanitary product registration, laboratory testing, special certification, and pre-market approval are not required to import the vast majority of foodstuffs into most islands. For products that do require import approval and certification (mainly meat and poultry, dairy, seafood, and produce), most countries try to follow international standards and guidelines. U.S. labels are generally accepted without a problem, although occasionally U.S. exporters run into problems with local authorities over U.S. products not fully complying with country-of-origin and expiration date requirements. These problems can usually be resolved, at least temporarily, with stick-on labels.

In most islands, food safety responsibilities fall under the Ministry of Public Health or its equivalent. The Ministry of Agriculture may also play a role with plant and animal products, both in terms of public health and in terms of plant and animal health. The fragmented nature of the Caribbean has contributed

to the development of a number of differences from country-to-country in SPS and other regulatory requirements and procedures. Resources available to fund national regulatory systems, including enforcement, vary widely as well.

There is a growing consensus in the region that the development and application of harmonized regional and international food safety measures, standards and guidelines are essential for protecting public health and the efficient operation of the CSME. In March 2010, the CARICOM Secretariat established the Caribbean Agricultural Health and Food Safety Agency (CAHFSA) to update plant and animal health and food safety systems, an important step in the agricultural development of the region. Efforts are reportedly underway to make CAHFSA operational.

The Caribbean Animal Health Network (CaribVET) provides a forum for addressing veterinary issues in the broader Caribbean region. CaribVET is a joint network of institutions and professionals aiming to improve animal health and the quality and safety of animal products throughout the Caribbean. Its members include veterinary services, veterinary laboratories, government agencies, research institutes, farmers' associations, NGOs and universities mainly from the Caribbean but also from North, Central and South American countries. Although there is no Caribbean region plant health structure, Plant Health Directors from the different Caribbean countries are beginning to meet annually to explore areas of common interest, and have established several technical working groups to address specific phytosanitary issues.

Author Defined:

Appendix I. Caribbean Islands at a Glance

(2010 Statistics, except where noted)

Island / Country	Population (Mid-year estimate)	Stop-Over Tourist Arrivals (2009)	GDP (Purchasing Power Parity)	Real GDP Growth (%)	GDP Per Capita (ppp)	Inflation (Consumer Prices, %)	Public Gross Debt (% of GDP)
Anguilla	14,766	57,891	\$175.4 mill ¹	-8.5 ¹	\$12,000 ²	2.5	n/a
Antigua & Barbuda	86,754	234,410	\$1.43 bill	-4.1	\$16,500	2.0	104.0
Aruba	104,589	812,623	\$2.26 bill ³	2.4 ³	\$21,800 ⁴	2.1	n/a
The Bahamas	310,426	1,327,005	\$8.88 bill	-0.5	\$28,600	0.6	46.9
Barbados	285,653	518,564	\$6.2bill	-0.7	\$21,700	5.9	111.6
Bermuda	68,265	234,860	\$4.5 bill ⁴	4.6 ⁴	\$69,900 ⁴	2.7	n/a
British Virgin Islands	24,939	308,793	\$853.4 mill ⁴	-0.6 ²	\$38,500 ⁴	4.2	n/a
Caribbean Netherlands	18,012	82,980	n/a	n/a	n/a	n/a	n/a
Cayman Islands	50,209	271,958	\$2.25 bill ²	1.1 ²	\$43,800 ⁴	3.0	n/a
Curaçao	142,180	366,703	\$2.84 bill ²	3.5 ²	\$14,970 ⁴	3.0	n/a
Dominica	72,813	74,923	\$765.4 mill	1.4	\$10,500	2.3	83.1
Grenada	107,818	113,370	\$1.13 bill	0.8	\$10,500	3.6	119.1
Guadeloupe	468,100	404,700	n/a	2.2	n/a	3.0	n/a
Martinique	406,600	443,202	n/a	2.0	n/a	4.1	n/a
Montserrat	5,118	6,311	\$29 mill ⁵	-1 ⁵	\$3,400 ⁵	2.6 ⁷	n/a
Saint Barthélemy	7,406	n/a	n/a	n/a	n/a	n/a	n/a
Saint Kitts & Nevis	49,898	93,000	\$719.5 mill	-1.5	\$14,400	2.5	196.3
Saint Lucia	160,922	278,491	\$1.79 bill	1.1	\$11,100	1.7	79.1
Saint Martin	30,235	n/a	n/a	n/a	n/a	n/a	n/a
Saint Vincent & The Grenadines	104,217	75,446	\$1.11 bill	0.5	\$10,600	1.2	91.7
Sint Maarten	37,429	440,185	\$794.7 mill ²	1.6 ²	\$15,400 ²	1.8	n/a
Trinidad & Tobago	1,228,691	342,091	\$27.1 bill	2.1	\$22,100	10.7	39.2
Turks & Caicos	23,528	n/a	\$216 mill ⁵	4.9 ⁶	\$11,500 ⁵	n/a	n/a
TOTAL	3,808,568	6,487,506	n/a	n/a	n/a	n/a	n/a

1. 2009 estimate; 2. 2008 estimate; 3. 2005 estimate; 4. 2004 estimate; 5. 2002 estimate; 6. 2000 estimate.

Source: Population data from CIA World Factbook, Euromonitor, and Central Bureau of Statistics of the Netherlands Antilles; Tourist arrival data from Caribbean Tourism Organization and Euromonitor; GDP & inflation data from CIA World Factbook and Euromonitor, debt figures from IMF, Regional Economic Outlook: Western Hemisphere.

Appendix II. Caribbean Agriculture at a Glance

Island / Country	Land Area (sq. km.) / % Arable	Ag % of GDP	% of Labor Force in Ag.	Agricultural Products
Anguilla	91 / 0	4	4	Small quantities of tobacco, vegetables; cattle raising
Antigua	443 / 18	3.8	7	Cotton, fruits, vegetables, bananas, coconuts, cucumbers, mangoes, sugarcane; livestock
Aruba	180 / 11	0.4	n/a	Aloes; livestock; fish
The Bahamas	10,010 / 0.6	1.2	5	Citrus, vegetables; poultry
Barbados	430 / 37	6	10	Sugarcane, vegetables, cotton
Bermuda	54 / 20	1	3	Bananas, vegetables, citrus, flowers, dairy products, honey
British Virgin Islands	151 / 20	0.9	0.6	Fruits, vegetables; livestock, poultry; fish
Caribbean Netherlands	322 / n/a	n/a	n/a	Very limited agriculture
Cayman Islands	264 / 3.9	1.4	1.9	Vegetables, fruit; livestock; turtle farming
Curaçao	444 / 10	1	1.2	Aloe, sorghum, peanuts, vegetables, tropical fruits
Dominica	751 / 6.7	17.7	40	Bananas, citrus, mangoes, root crops, coconuts, cocoa
Guadeloupe	1,628 / n/a	15	15	Sugarcane, bananas, vegetables, plantain, cocoa, flowers, root crops
Grenada	344 / 5.9	5.4	24	Bananas, cocoa, nutmeg, mace, citrus, avocados, root crops, sugarcane, corn, vegetables
Martinique	1,128 / n/a	n/a	n/a	Sugarcane, bananas, pineapples, cut flowers, avocados, citrus, vegetables; fish
Montserrat	102 / 20	1.2	n/a	Cabbages, carrots, cucumbers, tomatoes, onions, peppers; livestock products
Saint Barthélemy	21 / n/a	n/a	n/a	No significant agriculture
Saint Kitts & Nevis	261 / 19.4	3.5	n/a	Sugarcane, rice, yams, vegetables, bananas; fish
Saint Lucia	606 / 6.5	5	21.7	Bananas, coconuts, vegetables, citrus, root crops, cocoa
Saint Martin	54.4 / n/a	1	n/a	No significant agriculture, limited fish
Saint Vincent & the Grenadines	389 / 18	10	26	Bananas, coconuts, sweet potatoes, spices; small numbers of cattle, sheep, pigs, goats; fish
Sint Maarten	34 / 10	0.4	1.1	Sugar
Trinidad &	5,128 / 14.6	0.5	3.8	Cocoa, rice, citrus, coffee, vegetables;

Tobago				poultry
Turks & Caicos	948 / 2.3	n/a	20	Corn, beans, cassava (tapioca), citrus fruits; fish

Source: CIA World Factbook, Euromonitor & CBATO research.

Appendix III. U.S. Agricultural Exports to the Caribbean, CY2010

(Thousands of Dollars)

	CBATO Islands	Cuba	D.R., Jamaica & Haiti	All Caribbean Islands
Bulk	144,168	160,019	729,601	1,033,788
Intermediate	139,188	67,181	475,324	681,693
Consumer	783,279	133,407	559,700	1,476,386
Forest Prod.	155,132	1,035	116,845	273,012
Seafood	38,568	0	14,265	52,833
Total	1,260,335	361,642	1,895,735	3,517,712

Source: Derived from U.S. Bureau of the Census trade data.

Appendix IV. CBATO Island Representation in Selected International Organizations

Country/Island	WTO Member	Codex Commission Member	CARICOM Member	OECS Member	CARIFORUM Member	IICA Member
Anguilla	1/	1/	Associate member	Associate member		
Antigua & Barbuda	Yes	Yes	Yes	Yes	Yes	Yes
Aruba	2/	2/	Observer			
The Bahamas	Observer 4/	Yes	Yes		Yes	Yes
Barbados	Yes	Yes	Yes		Yes	Yes
Bermuda	1/	1/	Associate member			
British Virgin Islands	1/	1/	Associate member	Associate member		
Caribbean Netherlands	3/	3/				
Cayman Islands	1/	1/	Associate member			
Curaçao	2/	2/				
Dominica	Yes	Yes	Yes	Yes	Yes	Yes
Grenada	Yes	Yes	Yes	Yes	Yes	Yes
Guadeloupe	5/	5/				
Martinique	5/	5/				
Montserrat	1/	1/	Yes	Yes		
Saint Barthélemy	6/	6/				
Saint Kitts & Nevis	Yes	Yes	Yes	Yes	Yes	Yes
Saint Lucia	Yes	Yes	Yes	Yes	Yes	Yes
Saint Martin	6/	6/				
Saint Vincent & The Grenadines	Yes	Yes	Yes	Yes	Yes	Yes
Sint Maarten	2/	2/				
Trinidad & Tobago	Yes	Yes	Yes		Yes	Yes
Turks and Caicos Islands	1/	1/	Associate member			

1/ - As an overseas territory of the U.K., it is indirectly represented through the U.K. or the European Union (EU).

2/ - As an autonomous country within the Kingdom of the Netherlands, it is indirectly represented through the Kingdom or the EU.

3/ - As overseas municipalities of the Kingdom of the Netherlands, they are represented by the Kingdom.

4/ - The Bahamas is in the process of WTO accession. The first accession Working Party meeting for The Bahamas was held on September 14, 2010.

5/ - As an overseas Department of France, it is represented by France or the EU.

6/ - As an overseas collectivity of France, it is represented by France or the EU.

Source: CBATO research.